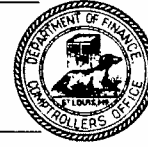


FILE COPY



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



DARLENE GREEN
Comptroller

Internal Audit Section

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St. Louis, Missouri 63101
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Fax: (314) 613-3004

DR. KENNETH M. STONE, CPA
Internal Audit Executive

January 20, 2009

Will Jordan, Executive Director
Metro St. Louis Equal Housing Opportunity Council
1027 S. Vandeventer
St. Louis, MO 63110

RE: Fiscal Monitoring Review of Metro St. Louis Equal Housing Opportunity Council
(Project #2009-CDA7)

Dear Mr. Jordan:

Enclosed is a report of our fiscal monitoring review of Metro St. Louis Equal Housing Opportunity Council, a not-for-profit organization, Community development Block Grant, for the period January 1, 2008 through May 31, 2008. The scope of a fiscal monitoring review is substantially less than an audit, and as such, we do not express an opinion on the financial operations of the Agency. The fieldwork was completed on June 17, 2008.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the Community Development Administration (CDA) to provide fiscal monitoring to all grant sub-recipients.

If you have any questions, please contact the Internal Audit Service at (314) 622-4723.

Sincerely,

A handwritten signature in black ink that reads "Kenneth M. Stone".

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

cc: Lorna Alexander, Fiscal Coordinator, CDA
Jill Claybour, Acting Executive Director, CDA



CITY OF ST. LOUIS

**COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

**METRO ST. LOUIS EQUAL HOUSING OPPORTUNITY COUNCIL
CONTRACT #08-10-69
CFDA #14.218**

**FISCAL MONITORING REVIEW
JANUARY 1, 2008 THROUGH MAY 31, 2008**

PROJECT #2009-CDA7

DATE ISSUED: JANUARY 20, 2009

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONNORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
METRO ST. LOUIS EQUAL HOUSING OPPORTUNITY COUNCIL
FISCAL MONITORING REVIEW
JANUARY 1, 2008 THROUGH MAY 31, 2008**

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INTRODUCTION

Background

Contract Name: Metro St. Louis Equal Housing Opportunity Council

Contract Number: 08-10-69

CFDA Number: 14.218

Contract Period: January 1, 2008 through December 31, 2008

Contract Amount: \$40,000

This contract provided Community Development Block Grant (CDBG) funds to Metro St. Louis Equal Housing Opportunity Council (Agency) to ensure equal access to housing for all people through education counseling investigation and enforcement.

Purpose

The purpose of the review was to determine the Agency's compliance with federal, state and local CDBG requirements for the periods January 1, 2008 through May 31, 2008 and make recommendations for improvements as necessary.

Scope and Methodology

Inquiries were made regarding the Agency's internal controls relating to the grant administered by the CDA, evidence tested supporting the reports the Agency submitted to CDA and other procedures were performed as considered necessary. The fieldwork was completed on June 17, 2008.

Exit Conference

The Agency was offered the opportunity for an exit conference on January 5, 2009, but the Agency declined.

Management's Response

Management's response to the observation and recommendation noted in the report was received on January 14, 2009, and has been incorporated into the report.

CONCLUSION AND SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with federal, state and local CDBG requirements.

Status of Prior Observations

The Agency's previous fiscal monitoring report dated May 24, 2007 contained one observation:

- The Agency did not have two signatures on their checks as required by CDA.
(Resolved)

A-133 Status

According to a letter from the Agency dated on February 29, 2008, it did not expend \$500,000 or more in federal funds in the calendar year ended December 31, 2007 and was not required to have an A-133 audit report.

Summary of Current Observations

The recommendation is made for the following observation, which if implemented, could assist the Agency in fully complying with federal, state and local CDBG requirements:

- Opportunity to file IRS Form 990

DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES

Opportunity to file IRS Form 990

Not-for-profit organizations, with annual gross receipts of at least \$25,000 are required to file an IRS Form 990 by 15th of the fifth month following the end of the fiscal/calendar year.

The Agency did not file IRS Forms 990 for calendar years 2006 and 2007.

The Agency is subject to a \$20 fine per day with a maximum of \$10,000 per year. The IRS Form 990 remains not filed after the filing date. The Agency may also lose its tax-exempt status, which may result in termination of the CDBG funding.

Recommendation

It is recommended that the Agency:

- File the outstanding IRS Forms 990 for the calendar years 2006 and 2007 without further delay.
- Establish controls to ensure timely filing of all tax forms in the future.
- Ensure that the IRS Form 990 is available for public inspection for a period of three years.

Management's Response

We concur with the observation. As of January 16, 2009 we will have filed both 2006 and 2007 IRS tax returns and are forwarding copies to CDA Internal Audits Dept.

We did file extensions in 2006 however the Agency had a temporary loss of HUD funding and at the time did not have the cash flow to hire our tax preparers at their going rates. We have secured a more affordable firm and do not anticipate having this issue in subsequent funding years.